Statement of Spencer Abraham
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Before the
Senate Committee on Armed Services

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Introduction

Good morning, Mr. Chairman and Members of the Committee. It is a pleasure to be here today to discuss the President's Fiscal Year 2005 budget request for the Department of Energy (DOE). In doing so, I want to stress the ways this budget is going to help us accomplish our various missions related to defense and the environment.

At $24.3 billion in gross budget authority, the FY 2005 budget request is the largest in the history of the Department. Within the $24.3 billion, approximately 69 percent of the total Department of Energy budget, or $16.8 billion, is for the Department's Atomic Energy Defense Activities within the jurisdiction of this Committee. Within this part of the budget, there is $9 billion to support activities in the National Nuclear Security Administration, $7.4 billion to fund the environmental cleanup activities, $131 million to fund the Defense Nuclear Waste Fund, and $663.6 million to fund Other Defense Activities.

This budget request builds on a number of successes we have had over the past 3 years. I am very proud of what we have accomplished in terms of fulfilling the President's management vision for this Department and also what we have achieved to promote energy and economic security for the American people.

The Office of Management and Budget recently announced that DOE has made the most progress among cabinet-level agencies in the implementation of the President's Management Agenda. OMB recognized DOE as the cabinet-level agency "leading the pack with regard to management improvement" in the areas of human capital, competitive sourcing, financial management, e-government, and budget/performance integration.

Over the past 3 years, with the strong support of the Administration and Congress, our national nuclear security programs, through the Department's National Nuclear Security Administration (NNSA), have achieved a level of stability that is required for accomplishing our long-term missions. As the post-Cold War era evolves, the NNSA is managing the Nation's nuclear warheads according to the guidance in the Nuclear Posture Review. The Department, through the NNSA, works to ensure that the nation's nuclear stockpile remains safe, secure, reliable, and ready, and to extend the life of that stockpile in support of Department of Defense (DOD) military requirements. Our nation will continue to benefit from the security resulting from an effective nuclear deterrent and

can be confident that the nuclear weapons complex is ready and prepared to respond rapidly and effectively if required.

We have also made great progress in a number of other program areas. We have implemented changes that have fundamentally reformed DOE's Environmental Management program. Complex-wide, we have taken an approach to accelerated cleanup that says we will not allow the legacy of the work done in the weapons complex to be part of a community's burden for future generations. At the beginning of this Administration, the timetable for completing cleanup at all sites was 70 years. Today, we have implemented reforms to accelerate completion of the cleanup program by 35 years and reduce estimated program costs in excess of $50 billion.

With national security as our overarching Departmental mission, we cannot be said to be fulfilling our mission with any confidence unless we can guarantee security at our facilities. We are attempting to do that with a request of $1.38 billion in FY 2005 for all DOE safeguards and security activities. We have revised the Design Basis Threat (DBT), which is the post-September 11th analysis of potential threats against which we must protect DOE sites and materials across the country, and are implementing our response to it. We also have a high-level review of security procedures underway by some of the nation's top military and civilian experts. Lastly, we have made significant managerial changes in the security leadership at our facilities.

A critical component of our national security mission is counterintelligence. Last summer, I informed this committee and others that our national security will be best served by consolidating the two counterintelligence programs within the Department in one office reporting directly to the Office of the Secretary. I came to this conclusion after extensive review of the current bifurcated counterintelligence functions between the Department of Energy and the National Nuclear Security Administration (NNSA), which have proven to be an impediment to coherent and effective counterintelligence activities. This must be corrected. More recently, I submitted proposed legislation to the Congress to effect the needed consolidation.

I believe that having a single counterintelligence office reporting directly to the Secretary of Energy will create a more streamlined and effective program, clarify accountability, and provide a clear line of authority for policy development and implementation. The NNSA Administrator, the National Counterintelligence Executive, the Director of Central Intelligence, and the Director, Federal Bureau of Investigation share this view. I urge prompt passage of the legislation.

The sections that follow provide the details of the FY 2005 budget request.

National Nuclear Security Administration

Representing approximately 37 percent of the Department's entire FY 2005 budget request, our national security programs have made great progress and continue to address the challenges of a post-September 11th environment.

The FY 2005 budget request totals $9.0 billion, an increase of $383 million or 4.4 percent. We are making progress in managing our program activities within a disciplined 5-year budget and planning envelope. We are doing it successfully enough to be able to address emerging new priorities and provide for needed funding increases in some of our programs within an overall modest growth rate – notably Safeguards and Security, Nuclear Weapons Incident Response, and Facilities and Infrastructure Recapitalization – by reallocating from other activities and projects that are concluded or winding down.

The NNSA budget justification contains the required 3 years of budget and performance information, as well as similar information for 5 years as required by Sec. 3253 of the NNSA Act, as amended (Title XXXII of the National Defense Authorization Act for FY 2000, P.L. 106-65, 50 U.S.C. 2453). This section, entitled Future-Years Nuclear Security Program (FYNSP), requires NNSA to provide to Congress each year at the time the budget is submitted the estimated expenditures necessary to support the programs, projects and activities of the NNSA for a 5-fiscal-year period, in a level of detail comparable to that contained in the budget. Since the inception of NNSA, the FYNSP has been provided as a separate document supporting the budget request. Starting with this budget, NNSA will meet this statutory requirement by including outyear budget and performance information as part of a fully integrated budget submission.

Weapons Activities

The FY 2005 budget request for the programs funded within the Weapons Activities appropriation is $6.568 billion, an increase of 5.4 percent over FY 2004 due largely to the increase in security and facilities infrastructure. Within Weapons Activities, the budget structure has been changed in response to Congressional concerns to align Directed Stockpile Work funding with individual weapon systems, and to highlight Nuclear Weapon Incident Response as a separate line.

The Nuclear Posture Review (NPR) guidance directed that NNSA maintain a research and development and manufacturing base that ensures the long-term effectiveness of the Nation's stockpile; and, support the facilities and infrastructure that are responsive to new or emerging threats. The NPR also directed NNSA to begin a modest effort to examine concepts that could be deployed to further enhance the deterrent capabilities of the stockpile in response to the national security challenges of the 21st century.

The United States is continuing work to refurbish and extend the life of the B61, W76 and W80 warheads in the stockpile. Within the FY 2005 request of $1.4 billion for Directed Stockpile Work (DSW), funding for the life extension programs increases by 7 percent to $477.4 million. This reflects the expected ramp up in the three systems with First Production Units scheduled in FY 2006-2009, and the completion of life extension activities for the W87. In FY 2005, DSW funding will support research and development of advanced weapon concepts to meet emerging DOD needs that will enhance the nuclear deterrent, and to ensure a robust and capable NNSA for the Future. The NPR highlighted the importance of pursuing advanced concepts work to ensure that the weapons complex can provide nuclear deterrence for decades to come. In FY 2005, $9.0 million is requested to support the modest research and development effort in the Advanced

Concepts Initiatives (ACI) to meet emerging DOD needs and to train the next generation of nuclear weapons scientists and engineers. The Robust Nuclear Earth Penetrator (RNEP) is the most mature concept being studied in this program. Funds for the RNEP study are included in the FY 2005 budget as a separate line item from the rest of the advanced concepts study activity. A request for $27.6 million is also included for the continuing RNEP feasibility, design definition and cost study. The RNEP study was requested by the Nuclear Weapons Council in January 2002.

The RNEP study is to determine whether either of two existing warheads – the B61 or the B83 – can be adapted without resuming nuclear testing to improve our ability to hold at risk hardened, deeply buried facilities that may be important to a future adversary. The request for advanced concepts funding is to investigate new ideas, not necessarily new weapons. For example, we are currently examining the feasibility of adapting an existing weapons carrier and existing nuclear warheads to achieve a delivery system with greater assurance that the intended nuclear mission could not be compromised by either component failure or adversary attack, thus giving greater reliability for nuclear missions. Appropriate uses for additional work in advanced concepts might include examining the feasibility of warheads with improved design margins, easier manufacturing, greater longevity and improved safety. Any of these ideas would only be pursued for future development if directed to do so by the President and the Congress.

Progress in other parts of the Stockpile Stewardship Program continues. The FY 2005 request for Campaigns is $2.4 billion, essentially level with FY 2004. This request funds a variety of Campaigns, experimental facilities and activities that continue to enhance NNSA's confidence in moving to "science-based" judgments for stockpile stewardship, and provide cutting edge technologies for stockpile certification and maintenance.

While there is no reason to doubt the ability of the Stockpile Stewardship program to continue to ensure the safety, security, and reliability of the nuclear deterrent, the nation must maintain the ability to carry out a nuclear weapons test in the event of some currently unforeseen problems that cannot be resolved by other means. Within the guidance provided by the Congress, we are beginning to improve our readiness posture from the current ability to test within 24 to 36 months to an ability to test within approximately 18 months. The FY 2005 budget request of $30 million supports achieving an 18-month readiness by September 2005. But let me be clear, there are no plans to test.

National Ignition Facility at Lawrence Livermore National Laboratory (LLNL) remains on budget and schedule. The FY 2005 request of $130 million continues construction installation and commissioning of laser beams. Once complete in 2008, the 192-laser beam facility will be capable of achieving temperatures and pressures found only on the surface of the sun and in exploding nuclear weapons. We are anticipating the first Stockpile Stewardship experiments in 2004 using four laser beams. As a result of recent technical advances in capsule design, target fabrication and computer simulations, we expect to begin the fusion ignition campaign in FY 2009 with a goal of achieving fusion ignition in FY 2010. The Advanced Simulation and Computing Campaign request for

FY 2005 is $741.3 million, an increase of nearly three percent over FY 2004. Working with IBM and Cray Research, the program expects delivery of Red Storm in FY 2004 and Purple in FY 2005. These will be the world's fastest machines, operating at 40 and 100 Teraops, respectively, and they will continue to revolutionize supercomputer capabilities and three-dimensional modeling. Having these machines on-line will begin to redress the capacity and capability issues raised in the September 2003 JASONs report required by the Congress.

The NPR recognized a need, over the long run, for a Modern Pit Facility (MPF) to support the pit manufacturing needs of the entire stockpile. NNSA's FY 2005 request for the Pit Manufacturing Campaign is $336.5 million, an increase of 13 percent over FY 2004, but with some changes since the last budget request. We delayed the final environmental impact statement (EIS) for the MPF in order to address congressional concerns that it is premature to pursue further decisions on an MPF at this time. The decision to delay the final EIS also delays identification of a preferred site for constructing the MPF.

This decision will in no way affect the W88 pit manufacturing and recertification program underway at Los Alamos, which is reestablishing the technological base to manufacture pits and which thereby will inform many of the technology decisions which will be contained in the eventual MPF design.

Readiness Campaigns are requested at $280.1 million in FY 2005, a decrease of about 14 percent. The decrease is attributable mainly to continuing progress in construction of the Tritium Extraction Facility that is funded within this account.

NNSA's Readiness in Technical Base and Facilities activities operate and maintain current facilities and ensure the long-term vitality of the NNSA complex through a multi-year program of infrastructure construction. About $1.5 billion is requested for these efforts, a slight decrease from FY 2004 that is attributable to a 20 percent decline in funding needed to support line-item construction project schedules.

In FY 2005 the President's budget provides a total of $201.3 million for the Office of Secure Transportation, which is responsible for meeting the Department's transportation requirements for nuclear weapons, components, special nuclear materials and waste shipments.

Facilities and Infrastructure Recapitalization

The Facilities and Infrastructure Recapitalization Program (FIRP) is essential to our ability to maintain a responsive robust infrastructure. I am pleased to note that its mission and performance are commended in the recent preliminary assessment by the National Research Council on DOE's facility management. The FY 2005 budget request for FIRP is $316.2 million. This increase follows a 2-year period of flat funding. The request restores the program to our previously requested FYNSP levels; it places the program back on our previously planned schedule and reflects our commitment to fulfill the direction of the Congress to end the program by 2011.

Nuclear Weapons Incident Response
The third growth area in the FY 2005 budget request is the Nuclear Weapons Incident Response programs. The FY 2005 request of $99.2 million reflects an increase of 11 percent over the FY 2004 level, recognizing the greatly increased number of deployments of these assets within the United States and abroad. The long-term sizing of this effort in terms of dollars and people continues to evolve along with its critical role in homeland security. We have relocated this account separately within the Weapons Activities appropriation to provide additional visibility into these programs and funding request.
Safeguards and Security/Design Basis Threat

Safeguards and Security/Design Basis Threat
Protecting NNSA people, information, materials, and infrastructure from harm or compromise is one of our most serious responsibilities and highest priorities. The FY 2005 budget request for NNSA's Safeguards and Security program is $706.9 million, an increase of 21 percent over the FY 2004 enacted level that is needed to implement our response to the new Design Basis Threat at all NNSA sites and facilities. The Secretary of Energy issued the new DBT in May 2003, as a result of a post-September 11th analysis of the threats against which we must protect DOE sites and materials across the country. Implementation plans based on vulnerability assessments for each of the sites are in final preparation. These will delineate the upgrades and associated costs plan to upgrade service weaponry, extend explosive impact zones, consolidate nuclear material, and make additional improvements of a classified nature to bring NNSA facilities into full compliance with the new DBT by the year 2006. The FY 2005 NNSA budget includes $107.9 million ($89.6 in Safeguards and Security and $18.3 million in Secure Transportation Asset) to address the new DBT. NNSA will shortly submit a request for FY 2004 reprogramming and appropriation transfer to allow this important work to continue on schedule. The FY 2006 funding request for DBT implementation will be addressed during this spring's programming process, and accommodated within the current five year funding profile for NNSA.

In recent months we have had some highly publicized occurrences at some NNSA sites. In each instance, NNSA and DOE have taken immediate and aggressive actions to address these occurrences and to ensure that any potential vulnerability is mitigated as soon as possible and that longer term fixes are put into place as appropriate. Because of these problems, we have chartered two external review groups to provide an independent assessment of our management of security. While we are confident that there has been no compromise of classified material and that no nuclear material is at risk, we believe security can and should be improved. Funding for Safeguards and Security in NNSA has increased over 70 percent during this Administration, which is strong indicator of the priority we place on this responsibility. The Administrator of NNSA and I join together in making it well known that we will not tolerate any reduction, perceived or real, in our protective forces and our abilities to protect the complex.

Nuclear Nonproliferation
We also continue to make great progress with Russia on nuclear nonproliferation. Of the $1.35 billion included in this budget for Defense Nuclear Nonproliferation (NN), $999

million is requested for nonproliferation programs with Russia and other countries. We have accelerated the material protection programs and expanded the scope of our work to ensure that dangerous materials do not fall into the wrong hands. We have increased our cooperation with Russia's Strategic Rocket Forces by initiating warhead security work at three new sites.

We have extended our International Radiological Threat Reduction program to states that were once part of the Former Soviet Union and others. Working with them, with Russia, and with the International Atomic Energy Agency, we have been able to secure radiological materials in these countries.

Moreover, in this budget request we are continuing our MegaPorts program with $15 million to detect the trafficking of nuclear or radioactive materials in the world's busiest seaports. We will complete installations at three ports in FY 2004 and complete an additional three ports in FY 2005. Eventually we hope to have detection equipment in key locations all over the planet.

The largest investment in nuclear nonproliferation in FY 2005 is the Fissile Materials Disposition program. We are working to design and build facilities to dispose of inventories of surplus U.S. weapons-grade plutonium and highly enriched uranium, and supporting concurrent efforts in Russia to obtain reciprocal disposition of similar materials.

One of the major obstacles encountered this year is a disagreement with Russia regarding liability protection for plutonium disposition work performed in that country. This has resulted in a 10-month delay in the planned start of construction of a MOX Facility in Russia as well as a similar facility in the United States. The liability issue is being worked at high levels in the Administration. The President's FY 2005 budget request seeks $649 million for this program to begin construction of both the U.S. and Russian MOX facilities in May 2005, as we work to resolve the liability issue by this spring. Our outyear funding profiles reflect the Administration's full commitment for proceeding with plutonium disposition.

Not only are we pursuing the disposition of weapons-grade plutonium but we are also working hard to stop more from being produced. We have assumed the responsibility from the Department of Defense (DOD) for shutting down the last three plutonium production reactors in Russia and replacing them with fossil fuel plants by 2008 and 2011. This will result in the cessation of the annual production of 1.2 metric tons of weapons-grade plutonium. Under the Elimination of Weapons-Grade Plutonium Production program, we will provide oversight for Russian contractors who will actually be performing the work. The FY 2005 request for this effort is $50.1 million.

In FY 2005, NNSA assumes responsibility for the Off-site Source Recovery Project from the Office of Environmental Management. The requested program funding is $5.6 million, with a projected cost of about $40 million over the next 5 years to substantially reduce the risk of these source materials being used for radiological dispersion devices.

The program works closely with the U.S. Nuclear Regulatory Commission to prioritize source recovery.

We are mindful of this committee's concerns about the finances of the programs funded by the Defense Nuclear Nonproliferation appropriation. NNSA is currently developing the framework for the first semi annual report on uncosted balances and commitments as directed by last year's authorization act.

Naval Reactors

In FY 2005, we are requesting $798 million for the Naval Reactors program, an increase of about 5 percent. This program continues to be a prime example of how to manage unforgiving and complex technology. The Naval Reactors program provides safe and reliable nuclear reactors to power the Navy's warships. It is responsible for all naval nuclear propulsion work, beginning with technology development, through reactor operations, and ultimately to reactor plant disposal. The budget increase will support 70 percent completion of the design of the next generation nuclear reactor on an aircraft carrier, and continue work on the Tranformational Technology Core, which will deliver a significant energy increase to future submarines, resulting in greater operational ability and flexibility. The request includes $6.2 million for a new construction start, the Materials Development Facility Building, in Schenectady, New York. The total estimated cost of this facility is $20.4 million, and it is estimated to be completed in 2008.

Office of the Administrator

The NNSA is in the final implementation phase of a re-engineering effort that follows the principles of the President's Management Agenda to modernize, integrate, and streamline operations. As a result, at the end of FY 2004, NNSA will achieve its goal of a 15-percent reduction in federal personnel since FY 2002.

The FY 2005 budget request of $333.7 million for the Office of the Administrator is about 1 percent below the FY 2004 appropriation. This reflects cost avoidance due to the reduction of about 300 positions since 2002, and no further request for incremental funding needed to accomplish re-engineering in NNSA headquarters and field organizations. The budget request assumes that personnel reductions are achieved, restructuring is finished, and associated employee transfers are completed at the end of FY 2004.

The Defense Nuclear Nonproliferation and Nuclear Weapons Incident Response programs have been excluded from staff reductions due to increased program requirements in those areas. We are not requesting a separate funding control for the Office of Defense Nuclear Nonproliferation, because it is no longer necessary to assure that federal hiring goals are met for those activities that are experiencing rapid mission growth. Based on hiring to date in FY 2004, it is projected that this organization will meet or exceed its managed staffing plan goal of 244 by FY 2005. A single funding control for the appropriation is necessary to facilitate NNSA's corporate efforts to

rebalance the NN office's transition from reliance on support service contractors to permanent federal staff.

Environment

Environmental Management

All of our scientific research is designed in part to meet our nation's environmental challenges. In addition to research in hydrogen, next generation nuclear technology, and renewable energy, our commitment to the environment includes taking action to address the environmental legacy of our past work, particularly building the nuclear weapons complex that helped win the Cold War. That means cleaning up the contamination caused by the production of nuclear weapons and ensuring our nation is equipped to safely handle future high-level nuclear waste generated by the use of conventional nuclear power as well as the continued stockpile stewardship of nuclear weapons.

DOE is addressing these responsibilities through our Environmental Management program and the work at Yucca Mountain. Our FY 2005 budget requests $8.6 billion to meet our various environmental-related objectives. Within that, we are seeking over $7.4 billion for the Environmental Management (EM) program – the most funding ever requested for this program, reflecting the peak year of DOE's investment strategy for accelerated cleanup. We anticipate funding will then decline significantly to about $5 billion in 2008.

The request includes five appropriations, three of which fund on-the-ground, core mission work, and two of which serve as support. The five appropriations and associated requested funding are as follows:

- Defense Site Acceleration Completion ($5.97 billion)
- Defense Environmental Services ($982 million)
- Non-Defense Site Acceleration ($152 million)
- Non-Defense Environmental Services ($291 million)
- Uranium Enrichment Decontamination and Decommissioning Fund ($500 million)

Within the Defense Site Acceleration Completion Appropriation, there is a proposal to reserve $350 million. These funds will be requested pending the satisfactory resolution associated with a recent court ruling dealing with our authority to classify certain lower activity waste from reprocessing (Waste Incidental to Reprocessing).

This budget reflects several program shifts from Environmental Management (EM) to other programs within the Department in FY 2005. The program shifts more focus to EM's mission of Cold War cleanup and supports the Environmental Management program initiative to accelerate cleanup and risk reduction while providing the responsible and accountable mission programs with the resources and tools necessary to achieve their objectives. This accountability model is the key to moving each of the

enterprises or missions of the Department forward in attaining the desired outcomes and results important to the Administration and supporting our accelerated risk reduction and closure initiative. Transfers include the following:

- Federal staff at the Pacific Northwest National Laboratory to the Office of Science and federal staff at Headquarters to the Office of the Chief Information Officer;
- EM portion of the Offsite Source Recovery Program to the National Nuclear Security Administration;
- Spent fuel storage responsibilities at Idaho National Laboratory, the Foreign Research Reactor Spent Fuel Program, management of NRC-licensed spent fuel, and the National Nuclear Spent Fuel Program to the Office of Civilian Radioactive Waste Management; and
- Formerly Utilized Sites Remedial Action Project records management, responsibility for cost liability and recovery reviews, and Environmental Justice and the Massie Chairs of Excellence Program to the Office of Legacy Management (LM).

We will also be transferring sites, as they are completed, to either the landlord or to LM. Transferring sites to LM will occur if the site has no further DOE mission. EM is working with LM to ensure smooth site closure and transition by:

- Ensuring that site baselines identify functions and elements beyond contract closure to meet all internal requirements;
- Conducting assessments of site readiness for transfer and closure in tandem with LM;
- Having joint teams at each site (Rocky Flats has 2 LM employees) supported by HQ LM personnel who were once EM personnel and EM personnel at sites are transferring to LM positions;
- Holding quarterly meetings between EM and LM senior management to address key issues and make decisions; and
- Developing a communication plan defining roles and responsibilities between EM and LM staff.

Defense Nuclear Waste Disposal

One of the most significant and long-standing commitments addressed in this budget is funding to establish a permanent nuclear waste repository at Yucca Mountain. In order to remain on schedule to begin operation in 2010, the FY 2005 budget requests $880 million for Yucca Mountain repository activities, of which $131 million is requested from the Defense Nuclear Waste Disposal appropriation. This is key to ensuring the future use of nuclear power in this nation. It is also important to help us complete the cleanup of our weapons facilities and consolidate high-level nuclear waste in one safe, secure location. This request enables us to finalize and defend the license application for construction of the permanent repository – which we are planning to submit to the Nuclear Regulatory

Commission by December 2004 – as well as other activities associated with repository design and safety upgrades and with developing a transportation system to the Yucca Mountain site.

As I mentioned earlier, this budget reflects several program shifts from Environmental Management to other programs within the Department. One of the shifts includes the transfer of the spent nuclear fuel management program from the Office of Environmental Management to the Office of Civilian Radioactive Waste Management. Transferring the responsibility for these activities will ensure a consistent policy and approach to manage and plan for the ultimate disposition of both commercial and Department-owned spent fuel. The proposed transfer totals $26.4 million, with $21.2 million funded from the Other Defense Activities appropriation, and the remaining from the Energy Supply appropriation. These funds continue to remain separate from the Nuclear Waste Fund.

Safeguards and Security

Safeguarding and securing DOE's sites and facilities are among our highest priorities. The FY 2005 budget includes $1.38 billion for all DOE safeguards and security programs to address additional requirements identified as a result of the revised Design Basis Threat.

Within the total amount requested for safeguards and security activities, approximately $707 million will support activities to safeguard nuclear weapons facilities. About $265 million will support activities that protect the Cold War nuclear waste material being cleaned up at our environmental cleanup sites.

We are also requesting $255 million for the Office of Security to support the development of DOE-wide security policies as well as to provide physical security for DOE headquarters. The FY 2005 budget request also includes $58 million to support safeguards and security activities at the new Idaho National Laboratory for nuclear energy research and development.

Other Defense Programs

Nuclear Energy

The Nuclear Energy program remains a critical component of the nation's energy portfolio and a significant part of America's energy future. The FY 2005 budget request for the Department's nuclear energy programs is $410 million, of which $112.8 million is for security and infrastructure activities at Idaho – a former defense site – which falls under this Committee's purview. These programs work to address essential requirements to develop advanced nuclear power technologies for deployment. The FY 2005 Nuclear Energy budget request also reflects the establishment of the Idaho National Laboratory, which will serve as the nation's primary center for strategic nuclear energy research, development, demonstration, and education. It will lead the Department's investigation of a new type of nuclear power plant that is proliferation-resistant and melt-down proof – the next generation nuclear power plant. It is our objective that the Idaho National

Laboratory will become the world's premier nuclear energy technology center within a decade.

Energy Security and Assurance
The widespread blackout of August 2003 – affecting an area encompassing 50 million people, eight states, and one Canadian province – was a strong reminder that our nation's electricity grid has vulnerabilities and weaknesses which need to be addressed. Energy reliability is imperative. The budget request for Other Defense Activities includes $10.6 million for Energy Security and Assurance (EA) activities to help ensure a secure and reliable energy infrastructure in the new environment of heightened security and the increasing complexity of energy interdependencies. These activities will complement the efforts undertaken by the Department's Office of Electric Transmission and Distribution and the activities of the Department of Homeland Security.

Environment, Safety and Health
The FY 2005 budget includes $135 million for the Office of Environment, Safety and Health, of which $104.5 million falls under the jurisdiction of this Committee. Within the $104.5 million, there is a request of $43 million within the Environment, Safety and Health program to accelerate the processing of applications from contractor workers who may have become ill as a result of their work at DOE facilities. This is a matter of doing what's right and taking care of those whose labors helped secure our safety. With this budget request, we plan to implement a 3-year program to eliminate the backlog of applications by the end of 2006.

Security and Safety Performance Assurance
I recently brought the Office of Security (SO) and the Office of Independent Oversight and Performance Assurance (OA) under a single manager to create the Office of Security and Safety Performance Assurance (SSA). The intent of the establishment of SSA is to increase the effectiveness and efficiency of the Department's safeguards and security programs in light of the new environment we now live in. These two functions will maintain their distinctive roles and responsibilities within SSA. In FY 2005, the budget request for SSA is $279.8 million, with $255.1 million for SO to continue to develop and interpret safeguards and security policy for the entire Department, and $24.7 million for OA to continue to evaluate the implementation of policy, the effectiveness of security training and technology implementation, and identify issues concerning the adequacy of policy.

Legacy Management
The budget includes $66 million for the Office of Legacy Management to manage post-environmental-cleanup activities. This organization demonstrates the Department's long-term commitment to manage requirements relevant to closure sites beyond the completion of remediation.

Future Liabilities
The budget also includes a total of $8 million for a new Office of Future Liabilities, which is funded by the Energy Supply appropriation at $3 million and the Other Defense

Appropriation at $5 million. This is a planning office to address various future cleanup activities at sites with continuing missions. The FY 2005 budget provides funds to plan for environmental liabilities not currently assigned within the Department.

As in previous years, the FY 2005 budget requests funding within the Other Defense Activities appropriation to offset funding within the Departmental Administration appropriation. This offset of $92.4 million for Defense-Related Administrative Support addresses the significant amount of administrative support activities performed within the Departmental Administration appropriation that are of direct benefit to the Department's defense related programs. The FY 2004 Energy and Water Development conference report directed the Department to submit a budget request for FY 2005 that reflects a proportional contribution from Other Defense Activities for Departmental Administration costs. FY 2005 funding represents 32.7 percent of the Departmental Administration appropriation administrative costs.

Conclusion

The Department's FY 2005 budget request reflects the accomplishments of the last 3 years, the successes and the many changes. This request charts a focused course of investment for the nation's future, one guided by a cohesive mission and targeted performance metrics. Making all of this work are the extremely talented men and women of the Department of Energy which includes the world's top engineers and scientists. It is a privilege to work alongside them on a common mission. It is an honor to serve a President who has provided this vision of what this Department can – and will – accomplish in FY 2005 and beyond.

Thank you. This concludes my formal statement. I would be pleased to answer any questions you may have at this time.